

**STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES
Before the Commissioner of the Office of Financial and Insurance Services**

In the matter of:

**CMS Mortgage Group, Inc.
24275 Northwestern Highway
Suite 201
Southfield, Michigan 48075
Registration No. FR-0452**

Case No. 04-2873

Ernest L. Gazdag, President

Respondent,

CONSENT ORDER

**Issued and Entered
this 21st day of February, 2005
by Linda A. Watters
Commissioner of the Office of Financial and Insurance Services**

Based on the Stipulation set forth above, IT IS ORDERED that:

1. CMS Mortgage Group, Inc. ("CMS") shall CEASE and DESIST from violating Sections 2(1), 21(1), 22(a), 22(f) and 23(1) of the MBLSLA.
2. CMS shall pay to the State of Michigan, through the Office of Financial and Insurance Services ("OFIS"), a civil fine in the amount of \$1,000.00. The fine shall be paid on or before 30 days of the date of entry of this order.
3. Within 30 days of this order, CMS shall make refunds, totaling \$2,763.92, to those consumers identified by CMS, pursuant to its in-house audit of all loans files from October 1, 2001 thru January 7, 2005, who were overcharged for their credit reports. Thereafter, CMS shall

file with OFIS, within 45 days of this order, a signed, written report containing a statement that CMS has completed the refund process and identifying those consumers to whom refunds have been made and in what amount.

4. CMS shall operate only in the name that appears on its mortgage broker, lender, and servicer registration.

5. CMS shall post, and make available for public distribution, a pamphlet or document explaining in general terms Respondent's criteria for the approval or denial of a loan application in all of its offices, as required by Section 2(10) of the Mortgage Lending Practices Act, MCL 445.1602(10). Within 30 days of this order, CMS shall provide a copy of its pamphlet or document explaining its credit granting criteria.

6. CMS shall maintain its books, accounts, records, and documents of the business conducted under the license to enable the Commissioner to determine whether CMS is conducting business in compliance with the MBLSLA.

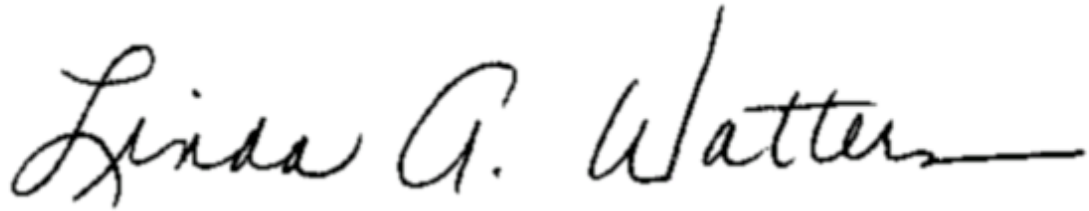
7. CMS shall not deposit into its general accounts any money, funds, deposits, checks, drafts, or other negotiable instruments received by the licensee that the borrower is obligated to pay to a third party, including amounts paid to the holder of the mortgage loan, amounts for property taxes and insurance premiums, or amounts paid under an agreement that requires if the mortgage loan is not closed the amounts paid shall be refunded to the prospective borrower or if the mortgage loan is closed the amounts paid shall be applied to fees and costs incurred at the time the mortgage loan is closed. Henceforth, CMS shall deposit such receipts into a trust or escrow account held by a federally insured depository financial institution.

8. CMS shall maintain a program to monitor and assure compliance with all

state and federal laws and regulations pertaining to brokering, origination, closing, and servicing of mortgage loans. CMS shall educate its officers and employees involving the brokering, origination, and closing of mortgage loans on all applicable state and federal laws and regulations, including, but not limited to, the Mortgage Brokers, Lenders and Servicers Licensing Act, National Housing Act, Federal Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Credit Reporting Act, Anti-Redlining Act, and applicable usury laws. The education shall be accomplished by requiring the officers and employees involved in the brokering, origination, closing, and servicing of mortgage loans to attend training seminars for the next 12 months at least four hours in duration every quarter. The seminars shall be conducted by persons not employed by CMS and with recognized experience in the mortgage industry. The instructors for the seminars shall be varied in order to give the officers and employees a broad view of the regulation and operation of the mortgage industry. The seminars shall include the philosophy behind the laws and regulations as well as the requirements of the laws and regulations. The seminars may be organized by either CMS or a local or national organization such as the Michigan Mortgage Lenders Association or the Mortgage Bankers Association of America. CMS shall keep a record of the attendance of the officers and employees at the seminars.

The program shall include designation of a compliance officer who will conduct reviews, not less than quarterly, of a sample of files for closed loans and rejected loan applications and assure compliance with all relevant federal and state laws. CMS shall maintain written reports of the results of its file reviews. The written reports shall be maintained as required by Section 21(2) of the MBLSLA. CMS must inform OFIS of the individual designated as compliance officer and if there is any change in the compliance officer, such change shall be reported in writing to OFIS within 30 days of the change.

The Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the MBLSLA.

A handwritten signature in black ink that reads "Linda A. Watters". The signature is written in a cursive style with a long horizontal line at the end.

Linda A. Watters, Commissioner
Office of Financial & Insurance Services